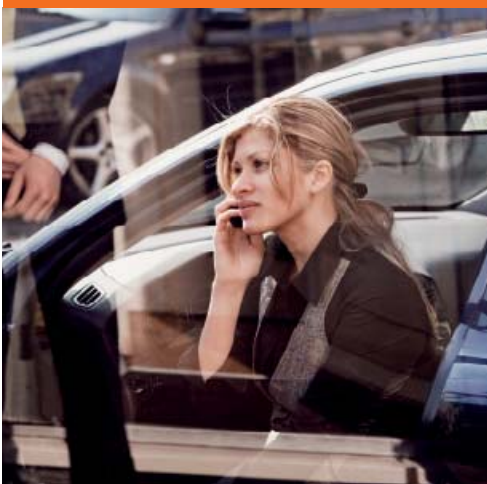


ING BANK



**Condensed consolidated interim financial
information for the period ended
30 June 2014**

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Interim report

ING BANK N.V.

INTRODUCTION

ING Bank N.V., together with NN Group N.V., is part of ING Groep N.V. ING Bank N.V. consist of the following segments: Retail Netherlands, Retail Belgium, Retail Germany, Retail Rest of World and Commercial Banking.

ING Bank evaluates the results of its segments using a financial performance measure called underlying result. Underlying result is defined as result under IFRS-EU excluding the impact of divestments and special items. The breakdown of underlying net result by segment and the reconciliation between IFRS-EU and the underlying net result can be found in Note 19 'Segments'. Disclosures on comparative periods in Note 19 'Segments' also reflect the impact of current period's divestments.

CONSOLIDATED RESULTS OF OPERATIONS

Net profit in the first six months of 2014 for ING Bank N.V. was EUR 1,166 million, down 28.7% from the first six months of 2013. Net results in the first six months of 2014 included a net loss of EUR 682 million on divestments and special items and related mainly to the result on the deconsolidation of ING Vysya Bank, the after-tax charge for making the Dutch Defined Benefit pension fund financially independent, and the first and second payment of the levy related to the SNS Reaal nationalisation. Divestments and special items in the first six months of 2013 amounted to a net loss of EUR 86 million.

Excluding divestments and special items, ING Bank posted an underlying net profit of EUR 1,848 million in the first six months of 2014, up 7.3% from EUR 1,722 million in the same period last year.

The underlying result before tax rose 6.8% to EUR 2,582 million from EUR 2,417 million in the first six months of last year. The first half of 2014 included EUR 124 million of negative credit and debt valuation adjustments (CVA/DVA) recorded in Commercial Banking and the Corporate Line versus a EUR 99 million positive impact in the first half of 2013. The result before tax was furthermore affected by the deconsolidation of ING Vysya Bank; effective as of the second quarter of 2014, ING's share in the net profit of ING Vysya Bank is fully recorded under other income (share of profit from associates), whereas in previous periods ING Vysya Bank was fully consolidated. Excluding CVA/DVA and the deconsolidation of ING Vysya Bank, underlying result before tax increased by EUR 413 million, or 18.3%, mainly due to a sharp decline in the net additions to loan loss provisions and higher income in Retail Banking, partly offset by lower income in Commercial Banking.

Total underlying income decreased 1.3% to EUR 7,721 million from EUR 7,821 million in the first six months of 2013, but was up 2.7% excluding CVA/DVA and the deconsolidation of ING Vysya Bank. Interest result was up by EUR 122 million, or 2.0%, driven by higher lending and savings margins in Retail Banking, partly offset by lower interest results in Bank Treasury and the Corporate Line as well as the deconsolidation of ING Vysya Bank. The underlying interest margin improved by 10 basis points to 1.52% in the first six months of 2014. Commission income increased to EUR 1,155 million from EUR 1,131 million last year. Investment income declined to EUR 144 million compared with EUR 176 million in the first half of 2013. Other income decreased to EUR 277 million from EUR 491 million last year, mainly due to the aforementioned negative swing in CVA/DVA.

Underlying operating expenses including other impairments were up 0.9% to EUR 4,267 million, mainly due to the Belgian bank taxes which were recognized in full in the first quarter of 2014, while they were largely accrued over the quarters in 2013 and higher pension costs in the Netherlands. This was partly offset by the deconsolidation of ING Vysya Bank. The cost/income ratio was 55.3% compared with 54.1% in the first half of 2013. However, excluding the volatile CVA/DVA impacts in both periods, the cost/income ratio improved slightly to 54.4% from 54.8% a year ago.

Net additions to loan loss provisions declined to EUR 872 million compared with EUR 1,176 million last year, reflecting improvements in the economic conditions. Risk costs were annualised 60 basis points of average risk-weighted assets compared with 85 basis points in the first half of 2013.

Retail Netherlands

Underlying result before tax of Retail Netherlands rose to EUR 571 million from EUR 420 million in the first six months of 2013, mainly due to higher income and lower risk costs, while operating expenses remained stable.

Total underlying income increased to EUR 2,086 million, up 4.6% compared with EUR 1,994 million in the first half of 2013, reflecting higher interest margins on lending and savings, which more than compensated for the decline in volumes due to the transfer of WUB assets and liabilities to NN Group as of mid-2013. The net production of mortgages (adjusted for the transfer of WUB assets) was EUR -0.4 billion in the first half of 2014. Other lending, mainly business lending, decreased by EUR 0.2 billion. Savings volumes continued to grow, with funds entrusted up EUR 3.9 billion in the first half of 2014. Investment and other income declined by EUR 41 million on last year, mainly due to a loss on the sale of real estate in own use.

Interim report *continued*

Operating expenses including other impairment slightly increased 0.3% to EUR 1,145 million, as the benefits from the ongoing cost-efficiency programmes and lower operating expenses flowing the transfer of part of the WUB organization to NN Bank compensated for higher pension costs and IT spending. The combined cost savings programmes, announced in 2011 and 2012, are on track. Since the start of the programme, EUR 304 million of cost savings have already been realised out of an expected EUR 480 million by year-end 2017.

The net addition to loan loss provisions declined to EUR 370 million versus EUR 432 million in the first half of 2013, reflecting a gradual economic recovery in the Netherlands. The decline was both in mortgages and business lending.

Retail Belgium

Retail Belgium's underlying result before tax increased to EUR 400 million from EUR 363 million in the first six months of 2013, due to higher income partly offset by increased expenses, while risk costs remained flat.

The underlying income rose 9.0% to EUR 1,265 million compared with EUR 1,161 million last year, as growth in client balances was accompanied by higher interest margins in most products. The lending portfolio increased by EUR 3.2 billion in the first half of 2014, of which EUR 0.9 billion was in residential mortgages and EUR 2.2 billion in other lending. Funds entrusted increased by EUR 3.3 billion in the first half of 2014, mainly due to current accounts inflow in the mid-corporate and SME segments.

Operating expenses including other impairments increased by EUR 68 million (or 9.5%) compared with the first half of 2013. The increase was largely attributable to the annual Belgian bank taxes of EUR 75 million, versus EUR 24 million in the first half of 2013 when these taxes were largely accrued during the year. Excluding the bank taxes, operating expenses increased 2.6%. The strategic projects announced by ING Belgium in the beginning of 2013 are on track to realise EUR 160 million of cost savings by the end of 2017. Of this amount, EUR 60 million has already been realised.

The net addition to the provision for loan losses remained stable on EUR 80 million compared with a year ago. Risk costs for mortgages remained low at EUR 9 million, despite a small increase. The net addition for non-mortgage lending to private persons was up EUR 8 million to EUR 20 million in the first half of 2014, while risk costs for the business banking segment declined by EUR 11 million to EUR 51 million.

Retail Germany

Retail Germany's underlying result before tax rose to EUR 364 million from EUR 259 million in the first six months of 2013, mainly due to higher interest results, partly offset by higher operating expenses.

The underlying income increased to EUR 776 million in the first half of 2014 compared with EUR 650 million a year ago, mainly due to higher interest results. The interest result rose 18.2% to EUR 720 million, due to higher lending and savings balances and an improved margin on savings supported due to the downward adjustments of savings rates. Despite the reduction of rates, funds entrusted increased by EUR 5.7 billion in the first half of 2014. The lending portfolio was up by EUR 1.3 billion, of which EUR 1.0 billion was in residential mortgages and EUR 0.3 billion in other lending.

Operating expenses including other impairments increased by EUR 26 million, or 7.4%, compared with the first half of 2013. The increase primarily reflects an increase in headcount and marketing expenses to support business growth as well as increased deposit insurance premiums.

The net addition to the provision for loan losses was EUR 37 million versus EUR 42 million a year ago.

Retail Rest of World

Retail Rest of World's underlying result before tax increased to EUR 307 million from EUR 229 million in the first six months of last year. The higher results mainly reflects better commercial results in Poland, Italy, and Spain, and the absence of risk costs in the UK Legacy run-off portfolio. This was in part offset by the deconsolidation of ING Vysya Bank and lower results in Turkey and Australia.

Total underlying income decreased by EUR 92 million to EUR 1,130 million from EUR 1,222 million in the first half of 2013, mainly caused by the deconsolidation of ING Vysya Bank (effective as of the second quarter of 2014) which contributed EUR 81 million to underlying income versus EUR 153 million a year ago. Adjusted for the deconsolidation of ING Vysya Bank, income declined by 1.9% mainly attributable to Turkey and Australia, and last year's gain on the sale of ING Bank's equity stake in KB Financial Group. The decline in Turkey was mainly caused by new regulation on overdrafts and margin pressure, while Australia included a one-off gain on the sale of a mortgage portfolio in the first half of 2013. This was in part offset by higher income from Poland, Italy and Spain. In the first six months of 2014, net inflow of funds entrusted, excluding currency effects and the deconsolidation of ING Vysya Bank, was EUR 2.8 billion, mainly in Spain and Australia. The net production in lending (also excluding currency effects and the deconsolidation of ING Vysya Bank) was EUR 2.2 billion, mainly in Australia.

Operating expenses including other impairments decreased by EUR 83 million (or -10.0%) to EUR 751 million compared to first half of 2013, mainly due to the deconsolidation of ING Vysya Bank. Adjusted for the deconsolidation of Vysya, operating expenses declined by 4.5% on the previous year, partly caused by favourable currency impacts.



Interim report continued

The addition to the provision for loan losses was EUR 71 million, down from EUR 159 million a year ago, which included EUR 45 million of risk costs for the UK legacy run-off portfolio. The remaining decrease is mainly due to lower net additions in Turkey and the deconsolidation of ING Vysya Bank.

Commercial Banking

Underlying result before tax of Commercial Banking declined 18.4% to EUR 1,075 million from EUR 1,318 million in the first six months of 2013. The decline was fully attributable to lower income, particularly due to CVA/DVA impacts, while risk costs declined and expenses were slightly lower.

Underlying income declined by EUR 396 million, or 13.5%, to EUR 2,542 million in the first half of 2014, mainly in Financial Markets, which included EUR 102 million negative CVA/DVA adjustments this year, compared to EUR 154 million positive adjustments last year. Excluding CVA/DVA impacts, income was 5.0% lower, mainly due to lower income in the Rates and Foreign Currency businesses due to challenging market conditions.

The total interest result declined by EUR 72 million, or 4.1%, on the first six months of 2013, mainly due to lower interest in Bank Treasury, as a result of initiatives taken to meet new regulatory liquidity rules in combination with the low yield environment impacting investment returns, as well as in the General Lease run-off business. Interest result in Industry Lending was slightly lower, as a decline in Real Estate Finance, following the decline in the portfolio, was largely offset by growth in Structured Finance. The interest results in General Lending & Transaction Services and Financial Markets were stable.

Commission income decreased by EUR 11 million, or 2.0%, on the first six months of 2013, mainly attributable to lower fees from Industry Lending (both Structured Finance and Real Estate Finance) and from General Lending & Transaction Services. Investment income was EUR 3 million lower, reaching EUR 123 million this year. Other income dropped to EUR 260 million from EUR 570 million in the first six months of 2013. This decline was for the large part attributable to Financial Markets, which included EUR 102 million negative CVA/DVA adjustments this year, compared to EUR 154 million positive adjustments last year.

Operating expenses including other impairments were EUR 1,153 million, or 0.3% lower compared with the same period in 2013, as impairments on real estate declined by EUR 18 million to EUR 15 million this year. Excluding these impairments, expenses increased by EUR 14 million, or 1.2%, mainly due to higher pension expenses as well as IT investments to enhance service offering and product capabilities. The underlying cost/income ratio in the first half of 2014 was 45.4%, compared with 39.4% a year ago.

Net additions to loan loss provisions declined to EUR 314 million from EUR 463 million in the first half of 2013, reflecting improvements Industry Lending and the General Lease run-off portfolio. This is in part offset by General Lending & Transaction Services. The improvement in Industry Lending is mainly due to lower risk costs in Real Estate Finance, while the higher risk costs in General Lending & Transaction Services related to a few specific files.

Corporate Line

The Corporate Line reported an underlying result before tax of EUR –135 million compared with EUR –173 million in the first half of last year. DVA on own issued debt improved from EUR –54 million a year ago to EUR –22 million this year, while impact from the fair values excluding DVA was EUR 54 million less negative. This year's result was further supported by lower solvency costs and improved Bank Treasury-related results, latter mainly attributable to lower interest expenses on long-term funding following repurchase of Dutch government-guaranteed ING Bank notes in June last year. Above positive impacts were largely offset by lower income on capital surplus (due to lower returns on reinvested tranches and higher allocation of income to the business units following increase in economic capital).

CONSOLIDATED ASSETS AND LIABILITIES

Balance sheet

ING Bank's balance sheet increased by EUR 31 billion, including EUR 3 billion of positive currency impacts, to EUR 819 billion at 30 June 2014 from EUR 788 billion at the end of 2013. This increase was mainly attributable to strong commercial growth of the Bank, driven by volume growth in client's deposits and customer lending. The increase in the balance sheet was partly offset by the EUR 6 billion negative impact following the deconsolidation of ING Vysya Bank. Excluding the deconsolidation of ING Vysya Bank and currency movements, the balance sheet total increased by EUR 35 billion. The loan-to-deposit ratio (excluding securities at amortized costs and the Illiquid Asset Back-up Facility receivable) edged down to 1.03 from 1.04 at year-end 2013. The asset leverage ratio, defined as total assets divided by shareholders' equity, remained flat at 24.0.

Assets

Excluding currency impacts and the deconsolidation of ING Vysya Bank, total assets increased by EUR 35 billion, due to EUR 12 billion higher financial assets at fair value through P&L, EUR 16 billion higher investments, and EUR 7 billion higher loans and advances to customers.

Interim report *continued***Loans and advances to customers**

Loans and advances to customers increased by EUR 5 billion to EUR 513 billion at 30 June 2014 from EUR 508 billion at 31 December 2013. The increase was for EUR 2 billion attributable to positive currency impacts, offset by a EUR 4 billion negative impact from the ING Vysya Bank deconsolidation. Excluding these items, the EUR 7 billion increase was caused by an EUR 11 billion growth in customer lending, including EUR 7 billion of higher lending at Commercial Banking and EUR 5 billion growth in Retail Banking (both mortgages and business lending). While securities at amortized cost and IABF were EUR 4 billion lower, mainly due to the unwinding of the Illiquid Asset Back-up Facility.

Amounts due to and from banks

Amounts due from banks remained flat compared to the end of 2013 at EUR 43 billion. Amounts due to banks increased by EUR 5 billion (FX impact was negligible).

Financial assets/liabilities at fair value

Financial assets at fair value through P&L increased by EUR 12 billion to EUR 133 billion, due to higher Financial Markets activities combined with higher valuation of trading derivatives, following a further decline of interest rates. Financial liabilities at fair value through P&L were EUR 3 billion higher at EUR 100 billion. Financial assets and liabilities at fair value contain predominantly derivatives, securities and repos, which are mainly used to facilitate the servicing of ING's clients (banks and non-banks).

Investments

Investments rose by EUR 14 billion to EUR 94 billion, primarily reflecting purchases of government bonds to further improve the liquidity profile of the Bank.

Customer deposits and other funds on deposit

Customer deposits and other funds on deposit increased by EUR 16 billion to EUR 488 billion, excluding EUR 2 billion of positive currency impacts and a EUR 4 billion negative impact from the ING Vysya Bank deconsolidation. The growth was driven by EUR 12 billion higher savings accounts, due to strong net inflows in Retail Banking, coupled with EUR 5 billion increase in credit balances on customer accounts. Corporate deposits decreased by EUR 1 billion.

Debt securities in issue

Debt securities in issue increased by EUR 6 billion at comparable currency rates. CD/CP balances increased by EUR 7 billion, reversing a similar decline at the end of 2013. ING Bank issued EUR 7 billion of long-term debt, which replaced the EUR 7 billion of maturing debt.

Shareholders' equity

Shareholders' equity increased by EUR 1.3 billion to EUR 34.1 billion, mainly as a result of retained earnings and higher revaluation reserves, in part offset by the EUR 1.2 billion dividend to ING Group to facilitate the repayment to the Dutch state in March 2014. The minority interest was EUR 0.4 billion lower, reflecting the deconsolidation of ING Vysya Bank.

CAPITAL MANAGEMENT

As at 1 January 2014, the CRR/CRD IV capital rules entered into force. The capital position reflects own funds according to the Basel III rules as specified in the CRR/CRD IV. As CRD IV will be phased in gradually until 2019, the CRD IV positions will reflect the capital according to the 2019 end-state rules (fully-loaded) and the 2014 rules (phased-in).

ING Bank's fully-loaded CRR/CRD IV common equity Tier 1 ratio of 10.5%, improving from 10.0% at year-end, thereby complying with the CRR/CRD IV solvency requirements. The increase can be explained by retained earnings offset by RWA growth due to asset production and state repayment. The fully-loaded percentage is calculated on the basis of immediate and full implementation and disregarding the possible impact of future management actions.

RISK MANAGEMENT

ING Bank's lending credit outstandings increased in the first six months of 2014 in Retail Banking as well as in Commercial Banking. The NPL ratio slightly increased to 2.9% with a coverage ratio of 38.0%. ING Bank's capital position remains robust with a fully loaded CRD IV common equity Tier 1 ratio of 10.5%. The funding profile remains strong with a loan-to-deposit ratio of 1.03 and continued Long Term funding issuance.

Credit risk management

ING Bank's non-performing loans (NPLs) expressed as a percentage of lending credit outstandings increased to 2.9%, up from 2.8% in the first half year of 2014. This was caused by a combination of an increase in non-performing loans with lower lending credit outstandings in Retail Banking International. The latter is the result of the deconsolidation of ING Vysya. At Retail Banking Benelux the NPL ratio slightly increased at 3.3%, while the NPL ratio at Retail Banking International slightly decreased at 1.4%. Within Commercial Banking, the NPL ratio remained unchanged at 3.6%. The growth in credit outstandings was offset by higher NPLs.

In the first half year of 2014, ING Bank's stock of provisions remained stable at EUR 6.2 billion, as net additions to loan loss provisions were fully matched by write-offs and the deconsolidation of ING Vysya Bank. The coverage ratio slightly decreased to 38.0% from 38.6% at year-end due to higher NPLs.



Interim report *continued*

Securities portfolio

In the first half year, ING Bank's overall exposure to debt securities increased to EUR 107.5 billion from EUR 96.8 billion. The increase in government bonds of EUR 10.4 billion was mainly due to LCR eligible government bonds partially offset by the unwinding of the IABF deal, which was classified as loans & receivables. The net growth consisted of government bond investments in the EU and the US with medium and long-term tenors. The increase in covered bonds was offset by a decrease in ABS. The debt securities revaluation reserve rose to EUR 1.3 billion after tax, compared with EUR 0.8 billion at year-end.

Market risk

The average Value-at-Risk (VaR) increased to EUR 9 million from EUR 8 million at year-end, mainly due to lower diversification. The overnight VaR for ING Bank's trading portfolio ranged from EUR 6 million to EUR 14 million.

Funding and liquidity

In the first six months of 2014, the macro-economic environment was characterised by monetary stimulus actions confirming the intention of the Fed and ECB to keep interest rates low which led to increased liquidity in the market. The ECB announced measures amongst others rates cuts, the TLTRO and a plan for outright ABS purchases, and the FED continued the quantitative easing. In this environment, ING Bank continued to issue long-term funding with in total EUR 9 billion partially used to replace maturing debt.

ING Bank's loan-to-deposit ratio, excluding securities that are recorded at amortised cost slightly decreased to 1.03 from 1.04 at the end of 2013 mainly due to an increase in customer deposits.

In the first six months of 2014, ING Bank's total eligible collateral position increased to EUR 203 billion at market values compared with EUR 180 billion at the end of December 2013. The improvement primarily reflects increase in high quality liquid government bonds.

Risk-weighted assets (RWA)

At the end of June 2014, ING Bank's total RWA stood at EUR 293.4 billion, an increase of EUR 10.8 billion mainly due to CRR/CRD IV entering into force as at 1 January 2014. The RWA composition reflects the new Basel III rules as applicable at this moment as specified in the CRR/CRD IV.

Credit RWA increased by EUR 11.4 billion to EUR 249.8 billion. Excluding the EUR 18.5 billion RWA impact from CRR/CRD IV, credit RWA decreased by EUR 7.1 billion, despite volume growth, as result of the deconsolidation of ING Vysya Bank and improvements in conservative calculation methods triggered by the implementation of CRD IV. Market RWA increased by EUR 0.5 billion to EUR 9.3 billion, while operational RWA declined by EUR 1.0 billion to EUR 34.3 billion following the deconsolidation of ING Vysya.

OTHER

Reference is made to Note 23 'Other events' in the condensed consolidated interim accounts for information on the most important events in the first half of 2014, other than the information disclosed in this Interim report. In Note 22 'Related parties' in the Condensed consolidated interim accounts information is provided on related party relationships and transactions. Both disclosures are deemed to be incorporated by reference here.

LOOKING AHEAD

The progress that we have made with the restructuring over the past several years has brought ING Group well into the end stage of our transformation. ING moves forward as a stronger, simpler and more sustainable company that is well placed to achieve the strategic priorities of ING Bank while continuing to serve our customers and the communities in which we operate to the best of our ability.

Conformity statement

The Management Board is required to prepare the Interim Accounts and the Interim Report of ING Bank N.V. for each financial period in accordance with applicable Dutch law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Conformity statement pursuant to section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*)

The Management Board is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates. It is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Management Board, so that the timeliness, completeness and correctness of the external financial reporting are assured.

As required by section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), each of the signatories hereby confirms that to the best of his knowledge:

- the ING Bank N.V. interim accounts for the period ended 30 June 2014 give a true and fair view of the assets, liabilities, financial position and profit or loss of ING Bank N.V. and the entities included in the consolidation taken as a whole; and
- the ING Bank N.V. interim report for the period ended 30 June 2014 includes a fair review of the information required pursuant to article 5:25d, paragraph 8 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) regarding ING Bank N.V. and the entities included in the consolidation taken as a whole.

AMSTERDAM, 5 AUGUST 2014

THE MANAGEMENT BOARD BANKING

R.A.J.G. (RALPH) HAMERS
CEO AND CHAIRMAN

J.V. (KOOS) TIMMERMANS
VICE-CHAIRMAN

P.G. (PATRICK) FLYNN
CFO

W.F. (WILFRED) NAGEL
CRO

R.M.M (ROEL) LOUWHOFF
COO

W.L. (WILLIAM) CONNELLY
CEO COMMERCIAL BANKING

C.P.A.J. (ELI) LEENAARS
CEO RETAIL BANKING INTERNATIONAL

H. (HANS) VAN DER NOORDAA
CEO RETAIL BANKING BENELUX

Condensed consolidated balance sheet of ING Bank

as at

	30 June 2014	31 December 2013	31 December 2012
amounts in millions of euros			
ASSETS			
Cash and balances with central banks	12,334	11,920	15,447
Amounts due from banks	43,186	42,996	39,053
Financial assets at fair value through profit and loss 2	133,198	121,576	126,163
Investments 3	94,439	79,981	80,824
Loans and advances to customers 4	513,488	508,329	541,527
Investments in associates and joint ventures 5	1,469	937	1,055
Real estate investments	93	55	153
Property and equipment	2,127	2,282	2,336
Intangible assets 6	1,613	1,606	1,778
Assets held for sale 7			6,781
Other assets 8	16,758	17,884	19,205
Total assets	818,705	787,566	834,322
EQUITY 9			
Shareholder's equity (parent)	34,124	32,805	34,964
Minority interests	557	955	843
Total equity	34,681	33,760	35,807
LIABILITIES			
Subordinated loans 10	15,519	14,776	16,407
Debt securities in issue 10	130,000	122,299	134,689
Amounts due to banks	32,401	27,200	38,704
Customer deposits and other funds on deposit	488,411	474,775	460,290
Financial liabilities at fair value through profit and loss 11	100,004	97,022	112,970
Liabilities held for sale 7			14,244
Other liabilities 12	17,689	17,734	21,211
Total liabilities	784,024	753,806	798,515
Total equity and liabilities	818,705	787,566	834,322

Amounts for 2013 and 2012 have been restated to reflect the change in accounting policy as disclosed in the section 'Changes in accounting policies in 2014' on page 14.

References relate to the accompanying notes. These form an integral part of the condensed consolidated interim accounts.

Condensed consolidated profit and loss account of ING Bank

for the three and six month period

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
amounts in millions of euros	2014	2013	2014	2013
Interest income	11,735	13,729	24,375	27,802
Interest expense	-8,656	-10,688	-18,230	-21,795
Interest result	3,079	3,041	6,145	6,007
Investment income 13	38	47	147	169
Commission income	595	581	1,155	1,131
Other income 14	152	221	476	505
Total income	3,864	3,890	7,924	7,812
Addition to loan loss provision	405	616	872	1,177
Intangible amortisation and other impairments 15	26	26	40	65
Staff expenses 16	1,223	1,219	3,356	2,502
Other operating expenses	967	865	1,983	1,733
Total expenses	2,621	2,726	6,251	5,477
Result before tax	1,243	1,164	1,672	2,335
Taxation	354	287	461	646
Net result (before minority interests)	889	877	1,211	1,689
Attributable to:				
Shareholder of the parent	872	854	1,166	1,636
Minority interests	17	23	45	53
	889	877	1,211	1,689

Amounts for the three and six month period ended 30 June 2013 have been restated to reflect the change in accounting policy as disclosed in the section 'Changes in accounting policies in 2014' on page 14.

References relate to the accompanying notes. These form an integral part of the condensed consolidated interim accounts.

Condensed consolidated statement of comprehensive income of ING Bank

for the three and six month period

	3 month period		6 month period	
	1 April to 30 June	2013	1 January to 30 June	2013
amounts in millions of euros	2014	2013	2014	2013
Net result for the period	889	877	1,211	1,689
Items that will not be reclassified to the profit and loss account:				
Remeasurement of the net defined benefit asset/liability 18	-56	-116	-207	693
Unrealised revaluations property in own use	-11	1	-12	
Items that may be reclassified subsequently to the profit and loss account:				
Unrealised revaluations available-for-sale investments and other	340	-292	609	-688
Realised gains/losses transferred to the profit and loss account	-21	19	-93	104
Changes in cash flow hedge reserve	496	-141	905	-124
Exchange rate differences and other	190	-683	196	-425
Total comprehensive income	1,827	-335	2,609	1,249
Comprehensive income attributable to:				
Shareholder of the parent	1,775	-299	2,522	1,259
Minority interests	52	-36	87	-10
	1,827	-335	2,609	1,249

Amounts for the three and six month period ended 30 June 2013 have been restated to reflect the change in accounting policy as disclosed in the section 'Changes in accounting policies in 2014' on page 14.

Reference relates to the accompanying notes. These form an integral part of the condensed consolidated interim accounts.

Condensed consolidated statement of cash flows of ING Bank

for the six month period

		1 January to 30 June	
amounts in millions of euros		2014	2013
Result before tax		1,672	2,335
Adjusted for	– depreciation	294	303
	– addition to loan loss provisions	872	1,177
	– other	1,117	261
Taxation paid		–408	–846
Changes in	– amounts due from banks, not available on demand	918	–3,816
	– trading assets	–13,016	–10,659
	– non-trading derivatives	–1,060	–1,082
	– other financial assets at fair value through profit and loss	–1,293	–287
	– loans and advances to customers	–8,899	1,149
	– other assets	–2,213	1,436
	– amounts due to banks, not payable on demand	2,851	–5,849
	– customer deposits and other funds on deposit	16,240	22,878
	– trading liabilities	6,288	7,093
	– other financial liabilities at fair value through profit and loss	219	–645
	– other liabilities	1,704	–3,044
Net cash flow from (used in) operating activities		5,286	10,404
Investments and advances	– available-for-sale investments	–45,438	–59,734
	– other investments	–303	–364
Disposals and redemptions	– group companies (including cash in company disposed)	–398	–7,186
	– associates and joint ventures	125	1
	– available-for-sale investments	32,294	56,081
	– loans	698	968
	– other investments	622	2,638
Net cash flow from (used in) investing activities		–12,400	–7,596
Proceeds from borrowed funds and debt securities		79,213	71,611
Repayments of borrowed funds and debt securities		–72,409	–71,806
Dividend paid 17		–1,225	–1,500
Net cash flow from financing activities		5,579	–1,695
Net cash flow		–1,535	1,113
Cash and cash equivalents at beginning of period		13,509	20,612
Effect of exchange rate changes on cash and cash equivalents		–96	507
Cash and cash equivalents at end of period		11,878	22,232
Cash and cash equivalents comprises the following items:			
Treasury bills and other eligible bills		1,078	661
Amounts due from/to banks		–1,534	4,643
Cash and balances with central banks		12,334	16,928
Cash and cash equivalents at end of period		11,878	22,232

Amounts for 2013 have been restated to reflect the change in accounting policies as disclosed in the section 'Changes in accounting policies in 2014' on page 14.

Condensed consolidated statement of changes in equity

for the six month period

amounts in millions of euros	Share capital	Share premium	Reserves	Total shareholder's equity (parent)	Minority interests	Total equity
Balance at 1 January 2014	525	16,542	15,738	32,805	955	33,760
Remeasurement of the net defined benefit asset/liability 18			-207	-207		-207
Unrealised revaluations property in own use			-12	-12		-12
Unrealised revaluations available-for-sale investments and other			609	609		609
Realised gains/losses transferred to profit and loss			-93	-93		-93
Changes in cash flow hedge reserve			878	878	27	905
Exchange rate differences and other			181	181	15	196
Total amount recognised directly in equity (other comprehensive income)			1,356	1,356	42	1,398
Net result for the period			1,166	1,166	45	1,211
Total comprehensive income			2,522	2,522	87	2,609
Employee stock option and share plans			22	22		22
Changes in the composition of the group and other changes					-451	-451
Dividends			-1,225	-1,225	-34	-1,259
Balance at 30 June 2014	525	16,542	17,057	34,124	557	34,681

amounts in millions of euros	Share capital	Share premium	Reserves	Total shareholder's equity (parent)	Minority interests	Total equity
Balance at 1 January 2013 (before change in accounting policy)	525	16,542	17,897	34,964	843	35,807
Effect of change in accounting policy						
Balance as at 1 January 2013 (after change in accounting policy)						
Remeasurement of the net defined benefit asset/liability 18			693	693		693
Unrealised revaluations property in own use						
Unrealised revaluations available-for-sale investments			-674	-674	-14	-688
Realised gains/losses transferred to profit and loss			104	104		104
Changes in cash flow hedge reserve			-116	-116	-8	-124
Exchange rate differences and other			-384	-384	-41	-425
Total amount recognised directly in equity			-377	-377	-63	-440
Net result for the period			1,636	1,636	53	1,689
Total comprehensive income			1,259	1,259	-10	1,249
Dividends			-1,830	-1,830	-6	-1,836
Employee stock option and share plans			32	32		32
Changes in the composition of the group and other changes					8	8
Balance at 30 June 2013	525	16,542	17,358	34,425	835	35,260

Amounts for 2013 have been restated to reflect the changes in accounting policies as disclosed in the section 'Changes in accounting policies in 2014' on page 14.

Notes to the condensed consolidated interim accounts

amounts in millions of euros, unless stated otherwise

NOTES TO THE ACCOUNTING POLICIES

1 ACCOUNTING POLICIES

These condensed consolidated interim accounts have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The accounting principles used to prepare these condensed consolidated interim accounts comply with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and are consistent with those set out in the notes to the 2013 ING Bank Consolidated Annual Accounts, except for the amendments referred to below.

These Condensed consolidated interim accounts should be read in conjunction with ING Bank's 2013 Consolidated Annual Accounts.

International Financial Reporting Standards as adopted by the EU provide several options in accounting principles. ING Bank's accounting principles under International Financial Reporting Standards as adopted by the EU and its decision on the options available are set out in Note 1 'Accounting policies' in the 2013 ING Bank Consolidated Annual Accounts.

Certain amounts recorded in the Condensed consolidated interim accounts reflect estimates and assumptions made by management. Actual results may differ from the estimates made. Interim results are not necessarily indicative of full-year results.

The presentation of and certain terms used in these Condensed consolidated interim accounts has been changed to provide additional and more relevant information or (for changes in comparative information) to better align with the current period presentation. The impact of these changes is explained in the relevant notes when significant.

Changes in accounting policies in 2014

Changes in IFRS-EU

The following new standards were implemented by ING Bank on 1 January 2014 for IFRS-EU:

- IFRS 10 'Consolidated Financial Statements';
- IFRS 11 'Joint Arrangements' and amendments to IAS 28 'Investments in Associates and Joint Ventures';
- IFRS 12 'Disclosure of Interests in Other Entities';
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27);
- Amendments to IAS 32 'Presentation - Offsetting Financial Assets and Financial Liabilities';
- Amendments to IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting'; and
- Amendments to IAS 36 'Recoverable amount disclosures for non-financial assets'.

The significant changes in IFRS-EU in 2014 are explained below.

IFRS 10 'Consolidated Financial Statements'

IFRS 10 'Consolidated Financial Statements' introduced amendments to the criteria for consolidation. Similar to the requirements that were applicable until the end of 2013, all entities controlled by ING Bank are included in the consolidated annual accounts. However, IFRS 10 redefines control as being exposed to variable returns and having the ability to affect those returns through power over the investee. The requirements in IFRS 10 are generally similar to the policies and interpretations that ING Bank applied and, therefore, the impact of implementing IFRS 10 was not significant. The implementation of IFRS 10 has no impact on Shareholders' equity, Net result and/or Other comprehensive income.

IFRS 11 'Joint Arrangements' and amendments to IAS 28 'Investments in Associates and Joint Ventures'

IFRS 11 'Joint Arrangements' and the related amendments to IAS 28 'Investments in Associates and Joint Ventures' eliminate the proportionate consolidation method for joint ventures that was applied by ING. Under the new requirements, all joint ventures are reported using the equity method of accounting (similar to the accounting that is already applied for Investments in associates). The implementation of IFRS 11 has no impact on Shareholders' equity, Net result and/or Other comprehensive income. The impact of IFRS 11 is included in the table below.

Notes to the condensed consolidated interim accounts *continued***Summary of impact of changes in accounting policies**

The above mentioned impact of changes in accounting policies that were implemented as of 1 January 2014 is summarised as follows:

Changes in accounting policies in 2014: Impact on balance sheet

	31 December 2013	30 June 2013	31 March 2013	31 December 2012
Total Shareholders' equity (before change in accounting policy)	32,805	34,425	36,548	34,964
IFRS 11				
Amounts due from banks	-16	-17		
Loans and advances to customers	-9	-15		-19
Investments in associates and joint ventures	230	241	212	214
Real estate investments	-53	-56	-56	-54
Other assets	-230	-237	-81	-252
Impact on Total assets	-78	-84	75	-111
Amounts due to banks	-57	-59		
Customer deposits and other funds on deposit	-8	-12	100	-73
Other liabilities	-13	-13	-25	-38
Impact on Total liabilities	-78	-84	75	-111
<i>IFRS 11 Impact on Shareholders' equity</i>	0	0	0	0
Total Shareholders' equity (after change in accounting policy)	32,805	34,425	36,548	34,964

For the above changes in accounting policies the amounts for comparative periods 2013 and 2012 were restated accordingly. As a result of the retrospective change in accounting policies set out above, the Consolidated balance sheet of ING Bank includes an additional balance sheet as at 31 December 2012.

Significant upcoming changes in IFRS-EU after 2014**IFRS 9 'Financial Instruments'**

IFRS 9 'Financial Instruments' was issued by the IASB in July 2014. The new requirements become effective as of 2018. IFRS 9 is not yet endorsed by the EU. Implementation of IFRS 9, if and when endorsed by the EU, may have a significant impact on Shareholders' equity, Net result and/or Other comprehensive income.

Notes to the condensed consolidated interim accounts *continued***NOTES TO THE CONDENSED CONSOLIDATED BALANCE SHEET**
2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets at fair value through profit and loss		
	30 June 2014	31 December 2013
Trading assets	126,171	113,537
Non-trading derivatives	3,479	5,731
Designated as at fair value through profit and loss	3,548	2,308
	133,198	121,576

Trading assets and trading liabilities include assets and liabilities that are classified under IFRS-EU as 'Trading' but are closely related to servicing the needs of the clients of ING. ING Bank offers institutional and corporate clients and governments products that are traded on the financial markets. A significant part of the derivatives in the trading portfolio are related to servicing corporate clients in their risk management to hedge for example currency or interest rate exposures. In addition, ING Bank provides its customers access to equity and debt markets for issuing their own equity or debt securities ('securities underwriting'). Although these are presented as 'Trading' under IFRS-EU, these are directly related to services to ING's customers. Loans and receivables in the trading portfolio mainly relate to (reverse) repurchase agreements, which are comparable to collateralised borrowing (lending). These products are used by ING Bank as part of its own regular treasury activities, but also relate to the role that ING Bank plays as intermediary between different professional customers. Trading assets and liabilities held for ING's own risk are very limited. From a risk perspective, the gross amount of trading assets must be considered together with the gross amount of trading liabilities, which are presented separately on the balance sheet. However, IFRS-EU does not allow offsetting of these positions in the balance sheet. Reference is made to Note 11 'Financial liabilities at fair value through profit and loss' for information on trading liabilities.

3 INVESTMENTS

Investments		
	30 June 2014	31 December 2013
Available-for-sale		
– equity securities	1,691	1,645
– debt securities	90,251	75,238
	91,942	76,883
Held-to-maturity		
– debt securities	2,497	3,098
	2,497	3,098
	94,439	79,981

Equity securities at 30 June 2014 include EUR 184 million (31 December 2013: EUR 194 million) shares in third party managed investment funds.

The increase in Available-for-sale debt securities in the first half year of 2014 relates mainly to purchases of government bonds and improvements in the fair value.

Notes to the condensed consolidated interim accounts *continued***Exposure to debt securities**

ING Bank's exposure to debt securities is included in the following balance sheet lines:

Debt securities		
	30 June 2014	31 December 2013
Available-for-sale investments	90,251	75,238
Held-to-maturity investments	2,497	3,098
Loans and advances to customers	11,740	15,435
Amounts due from banks	3,017	3,059
Available-for-sale investments and Assets at amortised cost	107,505	96,830
Trading assets	22,464	18,878
Designated as at fair value through profit and loss	1,005	1,246
Financial assets at fair value through profit and loss	23,469	20,124
	130,974	116,954

ING Bank's total exposure to debt securities included in available-for-sale investments and assets at amortised cost is specified as follows

Debt securities by type and balance sheet line (Available-for-sale investments and Assets at amortised cost)										
	Available-for-sale investments		Held-to-maturity investments		Loans and advances to customers		Amounts due from banks		Total	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Government bonds	65,480	52,629	50	50	1,221	3,654			66,751	56,333
Covered bonds	10,062	8,216	2,089	2,563	3,796	4,559	3,017	3,059	18,964	18,397
Corporate bonds	1,929	1,576			806	805			2,735	2,381
Financial institution bonds	12,105	11,855		130		81			12,105	12,066
Bond portfolio (excluding ABS)	89,576	74,276	2,139	2,743	5,823	9,099	3,017	3,059	100,555	89,177
US agency RMBS	315	334							315	334
US prime RMBS	10	12							10	12
US Alt-A RMBS	40	84							40	84
US subprime RMBS	12	13							12	13
Non-US RMBS	143	185			4,119	4,493			4,262	4,678
CDO/CLO	10	20							10	20
Other ABS	127	296	358	355	1,762	1,739			2,247	2,390
CMBS	18	18			36	104			54	122
ABS portfolio	675	962	358	355	5,917	6,336			6,950	7,653
	90,251	75,238	2,497	3,098	11,740	15,435	3,017	3,059	107,505	96,830

Reclassifications to Loans and advances to customers and Amounts due from banks (2009 and 2008)

Reclassifications out of available-for-sale investments to loans and receivables are allowed under IFRS-EU as of the third quarter of 2008. In the first quarter of 2009 and in the fourth quarter of 2008 ING Bank reclassified certain financial assets from Investments available-for-sale to Loans and advances to customers and Amounts due from banks. The Bank identified assets, eligible for reclassification, for which at the reclassification date it had the intention to hold for the foreseeable future. The table below provides information on the two reclassifications made in the first quarter of 2009 and the fourth quarter of 2008. Information is provided for each of the two reclassifications (see columns) as at the date of reclassification and as at the end of the subsequent reporting periods (see rows). This information is disclosed under IFRS-EU as long as the reclassified assets continue to be recognised in the balance sheet.

In 2012, the decrease in the carrying value of the reclassified Loans and advances in 2012 compared to 2011 was mainly due to disposals.

Notes to the condensed consolidated interim accounts *continued***Reclassifications to Loans and advances to customers and Amounts due from banks**

	Q1 2009	Q4 2008
As per reclassification date		
Fair value	22,828	1,594
Range of effective interest rates (weighted average)	2.1%–11.7%	4.1%–21%
Expected recoverable cash flows	24,052	1,646
Unrealised fair value losses in shareholder's equity (before tax)	–1,224	–69
Recognised fair value gains (losses) in shareholder's equity (before tax) between the beginning of the year in which the reclassification took place and the reclassification date	nil	–79
Recognised fair value gains (losses) in shareholder's equity (before tax) in the year prior to reclassification	–192	–20
Recognised impairment (before tax) between the beginning of the year in which the reclassification took place and the reclassification date	nil	nil
Recognised impairment (before tax) in the year prior to reclassification	nil	nil
Impact on the financial periods after reclassification:		
2014		
Carrying value as at 30 June	7,061	366
Fair value as at 30 June	7,083	431
Unrealised fair value losses recognised in shareholder's equity (before tax) as at 30 June	–127	0
Effect on shareholder's equity (before tax) as at 30 June if reclassification had not been made	22	65
Effect on result (before tax) for the six month period ended 30 June if reclassification had not been made	nil	nil
Effect on result (before tax) for the period ended 30 June (interest income and sales results)	101	9
Recognised impairments (before tax) for the six month period ended 30 June	nil	nil
Recognised provision for credit losses (before tax) for the six month period ended 30 June	nil	nil
2013		
Carrying value as at 31 December	7,461	366
Fair value as at 31 December	7,215	422
Unrealised fair value losses recognised in shareholder's equity (before tax) as at 31 December	–137	0
Effect on shareholder's equity (before tax) as at 30 June if reclassification had not been made	–246	56
Effect on result (before tax) if reclassification had not been made	nil	nil
Effect on result (before tax) for the period (interest income and sales results)	188	20
Recognised impairments (before tax)	nil	nil
Recognised provision for credit losses (before tax)	nil	nil
2012		
Carrying value as at 31 December	8,707	443
Fair value as at 31 December	8,379	512
Unrealised fair value losses recognised in shareholder's equity (before tax) as at 31 December	–221	–2
Effect on shareholder's equity (before tax) if reclassification had not been made	–328	69
Effect on result (before tax) if reclassification had not been made	nil	nil
Effect on result (before tax) for the period (interest income and sales results)	–164	22
Recognised impairments (before tax)	nil	nil
Recognised provision for credit losses (before tax)	nil	nil
2011		
Carrying value as at 31 December	14,419	633
Fair value as at 31 December	13,250	648
Unrealised fair value losses recognised in shareholder's equity (before tax) as at 31 December	–446	–8
Effect on shareholder's equity (before tax) as at 31 December if reclassification had not been made	–1,169	15
Effect on result (before tax) if reclassification had not been made	nil	nil
Effect on result (before tax) for the year (mainly interest income)	390	28
Recognised impairments (before tax)	nil	nil
Recognised provision for credit losses (before tax)	nil	nil

Notes to the condensed consolidated interim accounts continued

Reclassifications to Loans and advances to customers and Amounts due from banks (continued)

	Q1 2009	Q4 2008
2010		
Carrying value as at 31 December	16,906	857
Fair value as at 31 December	16,099	889
Unrealised fair value losses recognised in shareholder's equity (before tax) as at 31 December	-633	-65
Effect on shareholder's equity (before tax) as at 31 December if reclassification had not been made	-807	32
Effect on result (before tax) if reclassification had not been made	nil	nil
Effect on result (before tax) for the year (mainly interest income)	467	34
Recognised impairments (before tax)	nil	nil
Recognised provision for credit losses (before tax)	nil	nil
2009		
Carrying value as at 31 December	20,551	1,189
Fair value as at 31 December	20,175	1,184
Unrealised fair value losses in shareholder's equity (before tax) as at 31 December	-902	-67
Effect on shareholder's equity (before tax) as at 31 December if reclassification had not been made	-376	-5
Effect on result (before tax) if reclassification had not been made	nil	nil
Effect on result (before tax) after the reclassification until 31 December (mainly interest income)	629	n/a
Effect on result (before tax) for the year (mainly interest income)	n/a	47
Recognised impairments (before tax)	nil	nil
Recognised provision for credit losses (before tax)	nil	nil
2008		
Carrying value as at 31 December		1,592
Fair value as at 31 December		1,565
Unrealised fair value losses recognised in shareholder's equity (before tax) as at 31 December		-79
Effect on shareholder's equity (before tax) as at 31 December if reclassification had not been made		-28
Effect on result (before tax) if reclassification had not been made		nil
Effect on result (before tax) after the reclassification until 31 December (mainly interest income)		9
Recognised impairments (before tax)		nil
Recognised provision for credit losses (before tax)		nil

4 LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers analysed by type

	30 June 2014	31 December 2013
Loans to, or guaranteed by, public authorities	43,789	44,251
Loans secured by mortgages	291,474	291,925
Loans guaranteed by credit institutions	3,740	4,143
Personal lending	26,862	26,752
Asset backed securities	5,917	6,336
Corporate loans	147,924	141,057
	519,706	514,464
Loan loss provisions	-6,218	-6,135
	513,488	508,329

Notes to the condensed consolidated interim accounts *continued***Changes in the loan loss provisions**

	6 month period ended	Year ended
	30 June 2014	31 December 2013
Opening balance	6,154	5,505
Write-offs	-680	-1,609
Recoveries	51	116
Increase in loan loss provisions	872	2,289
Exchange rate differences	7	-109
Changes in the composition of the group and other changes	-182	-38
Closing balance	6,222	6,154

Changes in the loan loss provisions are presented under Addition to loan loss provision on the face of the profit and loss account.

In the first quarter of 2014, the decrease in Loans to, or guaranteed by, public authorities includes the repayment of EUR 2.7 billion by the Dutch State on the IABF loan.

In 2014, Changes in the composition of the group and other changes relates mainly to the deconsolidation of ING Vysya. Reference is made to Note 5 'Investments in associates and joint ventures'.

The loan loss provision at 30 June 2014 of EUR 6,222 million (31 December 2013: EUR 6,154 million) is presented in the balance sheet under Loans and advances to customers and Amounts due from banks for EUR 6,218 million (31 December 2013: EUR 6,135 million) and EUR 4 million (31 December 2013: EUR 19 million) respectively.

5 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**Investments in associates and joint ventures**

	30 June 2014			31 December 2013		
	Interest held (%)	Fair value of listed investment	Balance sheet value	Interest held (%)	Fair value of listed investment	Balance sheet value
Vysya bank Limited	43	645	628			
TMB Public Company Limited	25	599	476	25	501	458
ING Real Estate Asia Value Fund LP	24		37	24		34
Appia Group Ltd	29		33	29		32
Nationale-Nederlanden PTE ING	20		26	20		33
Real Estate Italian Retail Fund				32		24
Allee Center KFT				50		94
Other investments in associates and joint ventures			269			262
			1,469			937

ING Vysya Bank Limited

ING Vysya Bank Limited ('ING Vysya') is a private bank with retail, private and wholesale activities. ING Vysya is listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Following the deconsolidation of ING Vysya in the first quarter of 2014 the remaining interest in ING Vysya is presented as an associate. Reference is made to Note 14 'Other income' and Note 23 'Other events'.

TMB Public Company Limited

TMB Public Company Limited ('TMB'), is a public listed retail bank in Thailand. The other associates are mainly real estate investments funds or vehicles operating predominately in Europe.

Other investments in associates and joint ventures

Other investments in associates and joint ventures represents a large number of associates and joint ventures with an individual balance sheet value of less than EUR 25 million.

Notes to the condensed consolidated interim accounts *continued***6 INTANGIBLE ASSETS**

Intangible assets		
	30 June 2014	31 December 2013
Goodwill	1,044	1,035
Software	547	538
Other	22	33
Closing balance	1,613	1,606

Allocation of goodwill to reporting units

Goodwill is allocated to reporting units as follows:

Goodwill allocation to reporting units		
	30 June 2014	31 December 2013
Retail Banking Netherlands		1
Retail Banking Belgium	50	50
Retail Banking Germany	349	349
Retail Banking Central Europe	621	611
Commercial Banking	24	24
	1,044	1,035

No goodwill impairment is recognised in the first half of 2014 (first half of 2013: nil). Changes in the first half of 2014 are mainly due to changes in currency exchange rates.

7 ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale include disposal groups whose carrying amount will be recovered principally through a sale transaction rather than through continuing operations. This relates to businesses for which a sale is agreed upon but for which the transaction has not yet closed or a sale is highly probable at the balance sheet date but for which no sale has yet been agreed. As at 30 June 2014 and 31 December 2013 there are no businesses that are classified as held for sale.

In the first half of 2013, the divestment of ING Direct UK closed.

8 OTHER ASSETS

Other assets by type		
	30 June 2014	31 December 2013
Net defined benefit assets	383	624
Deferred tax assets	1,502	1,305
Property development and obtained from foreclosures	720	743
Income tax receivable	278	459
Accrued interest and rents	6,732	8,054
Other accrued assets	683	687
Other	6,460	6,012
	16,758	17,884

In the first half of 2014, the decrease of EUR 241 million in the Net defined benefit assets is mainly a result of the removal of the Net defined benefit assets related to the Dutch defined benefit pension fund from ING Bank's balance sheet. Disclosures in respect of this transaction and the remaining Net defined benefit assets are provided in Note 18 'Pension and other post-employment benefits'.

Notes to the condensed consolidated interim accounts *continued***9 EQUITY**

Equity		
	30 June 2014	31 December 2013
Share capital	525	525
Share premium	16,542	16,542
Revaluation reserve	2,796	1,414
Currency translation reserve	-826	-989
Net defined benefit asset/liability remeasurement reserve	-489	-2,671
Other reserves	15,576	17,984
Shareholders' equity (parent)	34,124	32,805
Minority interest	557	955
Total equity	34,681	33,760

Net defined benefit asset/liability remeasurement reserve

In the first half of 2014, the increase of EUR 2.2 billion in the Net defined benefit asset/liability remeasurement reserve relates mainly to the transfer of all future funding and indexation obligations under ING's current closed defined benefit plan in the Netherlands to the Dutch ING Pension Fund. The related amount was transferred to Other reserves. Reference is made to Note 18 'Pension and other post-employment benefits'.

Minority interest

In the first half of 2014, the decrease of EUR 398 million in minority interest is mainly due to the deconsolidation of Vysya Bank. Reference is made to Note 23 'Other events'.

Following the deconsolidation of ING Vysya in the first quarter of 2014 there are no remaining minority interest relating to ING Vysya. These and other equity movements are disclosed in the Condensed consolidated statement of changes in equity.

Other reserves

The change in Other reserves includes EUR 1,166 million from the Net result for the 6 month period ending 30 June 2014 and EUR 1,225 million dividend paid to ING Groep N.V.

10 SUBORDINATED LOANS AND DEBT SECURITIES IN ISSUE**Subordinated loans**

ING Bank redeemed the EUR 1.1 billion 8% ING Perpetual Hybrid Capital Securities per the call date of 18 April 2014. The Tier 1 hybrid was replaced by the EUR 1.5 billion 3.625% CRD-IV eligible Tier 2 securities that were successfully issued by ING Bank in February 2014.

Debt securities in issue

The increase in the first half of 2014 in Debt securities in issue is mainly due to EUR 7 billion higher CD/CP balances. ING Bank issued EUR 7 billion long term debt, of which EUR 6 billion senior unsecured debt and EUR 1 billion RMBS. These new issuances are offset by maturing debt of EUR 7 billion.

2013 - Buy-back of certain Government guaranteed notes

In the second quarter of 2013, ING Bank bought-back certain EUR and USD denominated Government guaranteed notes. One offer was for the EUR-denominated notes with a total principal amount of EUR 4.0 billion (3.375% fixed rate notes due on 3 March 2014). The aggregate principal amount of the notes bought-back was approximately EUR 1.28 billion or 32%, leaving a remaining amount outstanding of approximately EUR 2.72 billion. ING Bank paid a purchase price of EUR 1,022.19 per EUR 1,000 principal amount for the EUR-denominated notes. In the second quarter of 2013, a charge of EUR 14 million (EUR 11 million after tax) is recognised in 'Other income' on the EUR-denominated notes. The second offer was for the USD-denominated notes with a principal amount of USD 2.25 billion (3.90% fixed rate notes due on 19 March 2014). The aggregate principal amount of the notes bought-back was approximately USD 990 million or 44%, leaving a remaining amount outstanding of approximately USD 1.26 billion. ING Bank paid a purchase price of USD 1,026.66 per USD 1,000 principal amount for the USD denominated notes. In the second quarter of 2013, a charge of EUR 11 million (EUR 8 million after tax) is recognised in 'Other income' on the USD-denominated notes. The notes that are subject to the buy-back were derecognised from the balance sheet as at 30 June. The related payable was settled in cash on 3 July 2013.

Notes to the condensed consolidated interim accounts *continued***11 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS**

Financial liabilities at fair value through profit and loss		
	30 June 2014	31 December 2013
Trading liabilities	79,529	73,491
Non-trading derivatives	6,401	9,676
Designated as at fair value through profit and loss	14,074	13,855
	100,004	97,022

The change in the fair value of financial liabilities designated as at fair value through profit and loss attributable to changes in credit risk in the first half of 2014 includes EUR –74 million (first half of 2013: EUR –44 million; entire year 2013: EUR –129 million) and EUR –241 million (31 December 2013: EUR –167 million) on a cumulative basis.

Reference is made to Note 2 'Financial assets at fair value through profit and loss' for information on trading.

12 OTHER LIABILITIES

Other liabilities by type		
	30 June 2014	31 December 2013
Deferred tax liabilities	721	335
Income tax payable	520	342
Net defined benefit liability	501	285
Other post-employment benefits	107	96
Other staff-related liabilities	328	157
Other taxation and social security contributions	499	657
Accrued interest	5,357	7,055
Costs payable	1,519	1,672
Reorganisation provision	365	420
Other provisions	311	314
Amounts to be settled	3,480	3,493
Other	3,981	2,908
	17,689	17,734

Reference is made to Note 18 'Pension and other post-employment benefits' for information on the Net defined benefit liability.

Notes to the condensed consolidated interim accounts *continued***NOTES TO THE CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT****13 INVESTMENT INCOME**

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Income from real estate investments	2	7	4	8
Dividend income	7	13	9	24
Realised gains/losses on disposal of debt securities	26	19	124	113
Reversal of impairments of available-for-sale debt securities			1	2
Realised gains/losses on disposal of equity securities	3	7	10	23
Impairments of available-for-sale equity securities			-1	-2
Change in fair value of real estate investments		1		1
	38	47	147	169

There were no significant impairments/reversals of impairments on investments in the first half of 2014 and 2013 (second quarter of 2014 and 2013: nil)

14 OTHER INCOME

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Result on disposal of group companies	1	5	199	19
Valuation results on non-trading derivatives	-129	436	-37	324
Net trading income	264	-257	246	99
Result from associates and joint ventures	18	12	39	12
Other income	-2	25	29	51
	152	221	476	505

Result on disposal of group companies

In the first half of 2014, Result on disposal of group companies includes EUR 202 million profit on the deconsolidation of ING Vysya. Reference is made to Note 5 'Investments in associates and joint ventures' and Note 23 'Other events'.

Valuation results on non-trading derivatives

In the second quarter of 2014, Valuation results on non-trading derivatives includes DVA adjustments on own issued notes amounting to EUR -45 million (second quarter of 2013: EUR 7 million).

In the first half of 2014, Valuation results on non-trading derivatives includes DVA adjustments on own issued notes amounting to EUR -74 million (first half of 2013: EUR -43 million).

Included in the Valuation results on non-trading derivatives are the fair value movements on derivatives used to economically hedge exposures, but for which no hedge accounting is applied. The fair value movements on the derivatives are influenced by changes in the market conditions, such as stock prices, interest rates and currency exchange rates.

Valuation results on non-trading derivatives are reflected in the condensed consolidated statement of cash flows in the line 'Result before tax - Adjusted for: other'.

Net trading income

In the second quarter of 2014, Net trading income includes EUR 8 million CVA/DVA adjustments on trading derivatives, compared with EUR 40 million CVA/DVA adjustments in the second quarter of 2013.

In the first half of 2014, Net trading income includes EUR -90 million CVA/DVA adjustments on trading derivatives, compared with EUR 181 million CVA/DVA adjustments in the first half of 2013.

In the second quarter of 2014, Net trading income includes EUR 18 million (second quarter of 2013: EUR -332 million) foreign exchange results.

In the first half of 2014, Net trading income includes EUR -65 million (first half of 2013: EUR -206 million) foreign exchange results.

Notes to the condensed consolidated interim accounts *continued*

Trading income mainly relates to trading assets and trading liabilities which include assets and liabilities that are classified under IFRS-EU as 'Trading' but are closely related to servicing the needs of the clients of ING. ING Bank offers institutional and corporate clients and governments products that are traded on the financial markets. A significant part of the derivatives in the trading portfolio are related to servicing corporate clients in their risk management to hedge for example currency or interest rate exposures. In addition, ING Bank provides its customers access to equity and debt markets for issuing their own equity or debt securities ('securities underwriting'). Although these are presented as 'Trading' under IFRS-EU, these are directly related to services to ING's customers. Loans and receivables in the trading portfolio mainly relate to (reverse) repurchase agreements, which are comparable to collateralised borrowing (lending). These products are used by ING Bank as part of its own regular treasury activities, but also relate to the role that ING Bank plays as intermediary between different professional customers. Trading assets and liabilities held for ING's own risk are very limited. From a risk perspective, the gross amount of trading assets must be considered together with the gross amount of trading liabilities, which are presented separately on the balance sheet. However, IFRS-EU does not allow offsetting of these positions in the balance sheet. Reference is made to Note 2 'Financial assets at fair value through profit and loss' and Note 11 'Financial liabilities at fair value through profit and loss' for information on trading assets and liabilities.

15 INTANGIBLE AMORTISATION AND OTHER IMPAIRMENTS**Intangible amortisation and (reversal of) other impairments**

3 month period	Impairments		Reversal of impairments		Total	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
	2014	2013	2014	2013	2014	2013
Property and equipment	7	11	-1	-1	6	10
Property development	14	14		-6	14	8
Software and other intangible assets	1	1			1	1
(Reversals of) other impairments	22	26	-1	-7	21	19
Amortisation of other intangible assets					5	7
					26	26

In the second quarter of 2014, EUR 14 million impairments are recognised on Property development relating to real estate development properties and projects obtained from foreclosure.

In the second quarter of 2013, EUR 14 million impairments are recognised on Property development (Commercial Banking segment) relating to real estate development projects (mainly in Spain). The unfavourable economic circumstances in these regions resulted in lower expected sales prices.

Intangible amortisation and (reversal of) other impairments

6 month period	Impairments		Reversal of impairments		Total	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
	2014	2013	2014	2013	2014	2013
Property and equipment	15	19	-3	-3	12	16
Property development	16	40		-6	16	34
Software and other intangible assets		1				1
(Reversals of) other impairments	31	60	-3	-9	28	51
Amortisation of other intangible assets					12	14
					40	65

In the first half of 2014, EUR 16 million impairments are recognised on Property development relating to real estate development properties and projects obtained from foreclosure.

In the first half of 2013, EUR 40 million impairments are recognised on Property development (Commercial Banking segment) relating to various real estate development projects (including Europe and Australia). The unfavourable economic circumstances in these regions resulted in lower expected sales prices.

Notes to the condensed consolidated interim accounts *continued***16 STAFF EXPENSES**

	3 month period		6 month period	
	2014	2013	2014	2013
	1 April to 30 June	1 April to 30 June	1 January to 30 June	1 January to 30 June
Salaries	782	823	1,585	1,660
Pension costs	83	38	1,043	117
Other staff-related benefit costs	8	-6	16	-7
Social security costs	129	135	261	269
Share-based compensation arrangements	8	5	22	32
External employees	156	165	321	315
Education	16	12	28	25
Other staff costs	41	47	80	91
	1,223	1,219	3,356	2,502

In the first half of 2014, a charge of EUR 871 million is recognised in Pensions costs related to the Dutch defined benefit plan settlement. Reference is made to Note 18 'Pension and other post-employment benefits' for information on pensions.

17 DIVIDEND PAID

On 31 March 2014 a dividend was paid to ING Groep N.V. amounting to EUR 1,225 million (In the first half of 2013: EUR 1,500 million).

18 PENSION AND OTHER POST-EMPLOYMENT BENEFITS

In February 2014, ING reached final agreement with the trade unions, the ING Pension Fund, the Central Works Council and the Association of Retired ING Employees (VSI) to transfer all future funding and indexation obligations under ING's current closed defined benefit plan in the Netherlands to the Dutch ING Pension Fund. The agreement made the ING Pension Fund financially independent from ING.

The key elements of the agreement are:

- Responsibility for future indexation and funding thereof is transferred to the Dutch ING Pension Fund;
- ING's obligation to restore the coverage ratio of the Dutch ING Pension Fund ceased;
- The cross guarantees between ING Bank and NN Group to jointly and severally fund the obligations of the Dutch ING Pension Fund are terminated;
- ING pays EUR 549 million (before tax) to the Dutch ING Pension Fund for the removal of these obligations; and
- ING will reduce the employees' own contribution to the pension premium under the new defined contribution plan by approximately EUR 80 million over a 6 year period.

As part of the agreement, ING is released from all financial obligations arising out of the Dutch defined benefit plan. Accordingly, this plan is no longer accounted for as a defined benefit plan and, consequently, it has been removed from the balance sheet. The removal of the net pension asset related to the Dutch defined benefit pension fund from the balance sheet of EUR 770 million (EUR 578 million after tax), the payment to the Dutch ING Pension Fund of EUR 549 million (EUR 412 million after tax), the compensation for lower employee contribution of EUR 80 million (EUR 60 million after tax) and other impacts resulted in a charge of EUR 1,413 million (EUR 1,060 million after tax). EUR 871 million (EUR 653 million after tax) of this charge is allocated to ING Bank.

Balance sheet - Net defined benefit asset/liability

Summary of net defined benefit asset/liability		
	30 June 2014	31 December 2013
Fair value of plan assets	2,351	15,164
Defined benefit obligation	2,469	14,825
Funded status (net defined benefit asset/liability)	-118	339
Presented in the balance sheet as:		
- Other assets	383	624
- Other liabilities	-501	-285
	-118	339

Notes to the condensed consolidated interim accounts *continued*

Changes in the fair value of the plan assets for the period were as follows:

Changes in fair value of plan assets		
	6 month period ended	year ended
	30 June 2014	31 December 2013
Opening balance	15,164	15,034
Interest Income	121	555
Remeasurements: Return on plan assets excluding amounts included in interest income	645	-746
Employer's contribution	622	838
Participants contributions	1	1
Benefits paid	-100	-369
Effect of settlement	-14,119	
Exchange rate differences	59	-44
Changes in the composition of the group and other changes	-42	-105
Closing balance	2,351	15,164

In the first half of 2014, EUR -13,788 million is recognised in Effect of settlement related to the Dutch defined benefit plan settlement.

Changes in the present value of the defined obligation for the period were as follows:

Changes in defined benefit obligation		
	6 month period ended	year ended
	30 June 2014	31 December 2013
Opening balance	14,825	14,248
Current service cost	17	268
Interest cost	121	515
Remeasurements: Actuarial gains and losses arising from changes in demographic assumptions	-1	-12
Remeasurements: Actuarial gains and losses arising from changes in financial assumptions	936	355
Participants' contributions	-4	1
Benefits paid	-102	-372
Past service cost	-1	3
Effect of curtailment or settlement	-13,314	-37
Exchange rate differences	45	-38
Changes in the composition of the group and other changes	-53	-106
Closing balance	2,469	14,825

In the first half of 2014, EUR -12,983 million is recognised in Effect of curtailment or settlement related to the Dutch defined benefit plan settlement.

In 2013, the Effect of curtailment or settlement included the curtailments of two pension plans in the Netherlands. These plans were closed for new pension rights and are replaced by defined contribution schemes.

In 2013, Changes in the composition of the group and other changes (Changes in fair value of plan assets and Changes in defined benefit obligation) mainly related to the transfer of approximately 400 employees of WestlandUtrecht Bank to Nationale-Nederlanden Bank.

Notes to the condensed consolidated interim accounts *continued***Balance sheet - Equity - Net defined benefit asset/liability remeasurement reserve****Changes in the net defined benefit asset/liability remeasurement reserve**

	6 month period ended	year ended
	30 June 2014	31 December 2013
Opening balance	-2,671	-1,860
Remeasurement of plan assets	645	-746
Actuarial gains and losses arising from changes in demographic assumptions	1	12
Actuarial gains and losses arising from changes in financial assumptions	-936	-355
Taxation	83	278
Total Other comprehensive income movement for the period	-207	-811
Transfer to Other reserves	2,389	
Closing balance	-489	-2,671

The amount of the remeasurement of the net defined benefit asset/liability in the first half of 2014 was mainly a result of the change in the high quality corporate bond rate. The weighted average discount rate as at 30 June 2014 was 3.2% (31 December 2013: 3.7%). The change in this rate impacts both the Remeasurement of plan assets and Actuarial gains and losses arising from changes in financial assumptions.

In the first half of 2014, EUR 2,235 million is recognised in Transfer to Other reserves related to the Dutch defined benefit plan settlement.

Profit and loss account – Pension costs**Staff expenses-Pension costs**

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Current service cost	7	68	18	138
Past service cost	-2	1	-1	1
Net interest result	-2	-8		-13
Effect of curtailment or settlement		-37	871	-37
Defined benefit plans	3	24	888	89
Defined contribution plans	80	14	155	28
	83	38	1,043	117

Defined benefit plans

In the first half of 2014, a charge of EUR 871 million is recognised in Effect of curtailment or settlement related to the Dutch defined benefit plan settlement.

Defined contribution plans

The increase in Pension costs for Defined contribution plans in the first half of 2014 is a result of the two new defined contribution pension schemes for employees in the Netherlands that took effect on 1 January 2014.

Certain group companies sponsor defined contribution pension plans. The assets of all ING Bank's defined contribution plans are held in independently administered funds. Contributions are generally determined as a percentage of pay. These plans do not give rise to balance sheet provisions, other than relating to short-term timing differences included in other assets/liabilities.

Notes to the condensed consolidated interim accounts *continued*

SEGMENT REPORTING

19 SEGMENTS

ING Bank's segments relate to the internal segmentation by business lines. As of 2014, certain changes were made with regard to the allocation of costs to the various Banking segments. These changes were made to reflect reporting changes with respect to funding costs and Dutch banking tax. ING has transferred the results from Bank Treasury to Corporate Line Banking to isolate the costs for replacing short-term with long-term funding, which mainly consists of negative interest results. Additionally, in order to allocate the Dutch Banking tax, these costs will be transferred from Corporate Line Banking to the relevant business lines from 2014 onwards. The comparatives were adjusted to reflect the new segment structure. ING Bank identifies the following segments:

Segments of ING Bank

Retail Netherlands
Retail Belgium
Retail Germany
Retail Rest of World
Commercial Banking

The Management Board Banking sets the performance targets, approves and monitors the budgets prepared by the business lines. Business lines formulate strategic, commercial and financial policy in conformity with the strategy and performance targets set by the Management Board Banking.

Except for the changes described in Note 1 'Accounting policies', the accounting policies of the segments are the same as those described in Note 1 'Accounting policies' of the 2013 ING Bank Consolidated Annual Accounts. Transfer prices for inter-segment transactions are set at arm's length. Corporate expenses are allocated to business lines based on time spent by head office personnel, the relative number of staff, or on the basis of income, expenses and/or assets of the segment.

ING Bank evaluates the results of its segments using a financial performance measure called underlying result. Underlying result is defined as result under IFRS-EU excluding the impact of divestments and special items. Special items include items of income or expense that are significant and arise from events or transactions that are clearly distinct from the ordinary operating activities. Disclosures on comparative periods also reflect the impact of current year's divestments.

Underlying result as presented below is a non-GAAP financial measure and is not a measure of financial performance under IFRS-EU. Because it is not determined in accordance with IFRS-EU, underlying result as presented by ING Bank may not be comparable to other similarly titled measures of performance of other companies. The underlying result of ING's Bank segments is reconciled to the Net result as reported in the IFRS-EU Consolidated profit and loss account below. The information presented in this note is in line with the information presented to the Management Board

The following table specifies the main sources of income of each of the segments:

Specification of the main sources of income in each of the segments

Segment	Main source of income
Retail Netherlands	Income from retail and private banking activities in the Netherlands, including the SME and mid-corporate segments. The main products offered are current and savings accounts, business lending, mortgages and other consumer lending in the Netherlands.
Retail Belgium	Income from retail and private banking activities in Belgium, including the SME and mid-corporate segments. The main products offered are similar to those in the Netherlands.
Retail Germany	Income from retail and private banking activities in Germany. The main products offered are current and savings accounts, mortgages and other customer lending.
Retail Rest of World	Income from retail banking activities in the rest of the world, including the SME and mid-corporate segments in specific countries. The main products offered are similar to those in the Netherlands.
Commercial Banking	Income from wholesale banking activities (a full range of products is offered from cash management to corporate finance), real estate and lease.

In addition to these segments, ING Bank reconciles the total segment results to the total result of ING Bank using the Corporate Line Banking. Corporate Line Banking is a reflection of capital management activities and certain expenses that are not allocated to the banking businesses. ING Group applies a system of capital charging for its banking operations in order to create a comparable basis for the results of business units globally, irrespective of the business units' book equity and the currency they operate in.

This note does not provide information on the revenue specified to each product or service as this is not reported internally and is therefore not readily available.

Notes to the condensed consolidated interim accounts *continued***Segments Banking**

3 month period 1 April to 30 June 2014	Retail Nether- lands	Retail Belgium	Retail Germany	Retail Rest of World	Com- mercial Banking	Corporate Line Banking	Total
Underlying income							
– Net interest result	937	501	364	419	852	7	3,079
– Commission income	114	94	31	94	263	–1	595
– Total investment and other income	–14	27	5	28	207	–63	190
Total underlying income	1,037	621	400	540	1,322	–56	3,864
Underlying expenditure							
– Operating expenses	568	350	188	353	560	49	2,068
– Additions to loan loss provision	178	49	10	25	142		405
– Other impairments*	4	2			15	5	26
Total underlying expenses	749	401	198	379	717	54	2,499
Underlying result before taxation	288	220	201	161	605	–109	1,365
Taxation	73	66	66	10	185	–40	359
Minority interests		–1		10	7		17
Underlying net result	215	155	135	141	413	–70	989
Special items	–15					–101	–117
Net result	200	155	135	141	413	–171	872

* analysed as a part of operating expenses

Segments Banking

3 month period 1 April to 30 June 2013	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total
Underlying income							
– Net interest result	893	440	322	467	857	63	3,041
– Commission income	117	90	28	94	253	–2	581
– Total investment and other income	14	39	3	46	321	–154	268
Total underlying income	1,024	569	352	607	1,430	–92	3,890
Underlying expenditure							
– Operating expenses	560	364	173	412	543	5	2,056
– Additions to loan loss provision	218	41	21	91	245		616
– Other impairments*	7	2			10	7	26
Total underlying expenses	785	407	193	502	798	12	2,698
Underlying result before taxation	240	161	159	105	632	–105	1,192
Taxation	59	52	52	36	155	–61	294
Minority interests		–2		16	8		23
Underlying net result	181	111	107	52	469	–44	875
Special items	–49					27	–22
Net result	132	111	107	52	469	–17	854

* analysed as a part of operating expenses

Notes to the condensed consolidated interim accounts *continued***Reconciliation between Underlying and IFRS-EU income, expenses and net result**

3 month period

1 April to 30 June

	2014			2013		
	Income	Expenses	Net result	Income	Expenses	Net result
Underlying	3,864	2,499	989	3,890	2,698	875
Special items		122	-117		28	-22
IFRS-EU	3,864	2,621	872	3,890	2,726	854

Special items in the second quarter of 2014 includes the second payment of the levy related to the SNS Reaal nationalisation and additional charges related to previously announced restructuring programmes in Retail Netherlands.

Special items in the second quarter of 2013 is primarily related to the previously announced restructuring programmes which is partly offset by pension curtailments in the Netherlands.

Segments Banking

6 month period 1 January to 30 June 2014	Retail Nether- lands	Retail Belgium	Retail Germany	Retail Rest of World	Com- mercial Banking	Corporate Line Banking	Total
Underlying income							
– Net interest result	1,873	981	720	869	1,680	21	6,145
– Commission income	227	194	62	195	479	-1	1,155
– Total investment and other income	-14	91	-6	65	383	-97	422
Total underlying income	2,086	1,264	776	1,129	2,542	-77	7,721
Underlying expenditure							
– Operating expenses	1,135	783	375	751	1,137	47	4,228
– Additions to loan loss provision	370	80	37	71	314		872
– Other impairments*	10	2			16	11	40
Total underlying expenses	1,515	866	412	822	1,467	58	5,139
Underlying result before taxation	571	400	364	307	1,075	-135	2,582
Taxation	143	114	121	51	264	-5	689
Minority interests		-2		33	14		45
Underlying net result	427	287	242	224	797	-130	1,848
Divestments				202			202
Special items	-29					-856	-885
Net result	399	287	242	426	797	-986	1,166

* analysed as a part of operating expenses

Notes to the condensed consolidated interim accounts *continued***Segments Banking**

6 month period 1 January to 30 June 2013	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total
Underlying income							
– Net interest result	1,738	876	609	926	1,752	122	6,023
– Commission income	229	185	55	179	489	–6	1,131
– Total investment and other income	27	100	–14	117	697	–259	667
Total underlying income	1,994	1,161	650	1,222	2,938	–144	7,821
Underlying expenditure							
– Operating expenses	1,129	715	349	834	1,121	15	4,163
– Additions to loan loss provision	432	80	42	159	463		1,176
– Other impairments*	13	2			35	14	65
Total underlying expenses	1,575	798	391	993	1,620	29	5,405
Underlying result before taxation	420	363	259	229	1,318	–173	2,417
Taxation	104	117	85	46	331	–42	642
Minority interests		–2		38	16		53
Underlying net result	316	248	173	145	971	–131	1,722
Divestments				–42			–42
Special items	–70					25	–44
Net result	246	248	173	103	971	–106	1,636

* analysed as a part of operating expenses

Reconciliation between Underlying and IFRS-EU income, expenses and net result

6 month period 1 January to 30 June	2014			2013		
	Income	Expenses	Net result	Income	Expenses	Net result
Underlying	7,721	5,139	1,848	7,821	5,405	1,722
Divestments	202		202	–9	14	–42
Special items		1,112	–885		58	–44
IFRS-EU	7,924	6,251	1,166	7,812	5,477	1,636

Divestments in the first half of 2014 mainly reflect the result on the deconsolidation of ING Vysya Bank. Divestments in the first half of 2013 relate to the sale of ING Direct UK.

Special items in the first half of 2014 includes the impact (after tax) of the charges for making the Dutch Defined Benefit pension fund financially independent, the first and second payment of the levy related to the SNS Reaal nationalisation and additional charges related to previously announced restructuring programmes in Retail Netherlands.

Special items in the first half of 2013 is primarily related to the previously announced restructuring programmes which is partly offset by pension curtailments in the Netherlands.

IFRS-EU balance sheets by segment are not reported internally to, and not managed by, the chief operating decision maker. IFRS-EU balance sheet information is prepared for the Banking operations as a whole.

Notes to the condensed consolidated interim accounts *continued***ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT****20 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

Fair values of financial assets and liabilities represents the price at which an orderly transaction to sell the financial asset or to transfer the financial liability would take place between market participants at the balance sheet date ('exit price'). The fair value of financial assets and liabilities is based on unadjusted quoted market prices, where available. Such quoted market prices are primarily obtained from exchange prices for listed instruments. Where an exchange price is not available, market prices are obtained from independent market vendors, brokers or market makers. Because substantial trading markets do not exist for all financial instruments various techniques have been developed to estimate the approximate fair values of financial assets and liabilities that are not actively traded. These techniques are subjective in nature and involve various assumptions about the relevant pricing factors, especially for inputs that are not readily available in the market (such as credit spreads for own-originated loans and advances to customers). Changes in these assumptions could significantly affect the estimated fair values. Consequently, the fair values presented may not be indicative of the net realisable value. In addition, the calculation of the estimated fair value is based on market conditions at a specific point in time and may not be indicative of future fair values. Further information on the methods and assumptions that were used by ING Bank to estimate the fair value of the financial instruments is disclosed in the 2013 ING Bank Consolidated Annual Accounts in Note 37 'Fair value of assets and liabilities'.

The following table presents the estimated fair values of ING Bank's financial assets and liabilities. Certain balance sheet items are not included in the table, as they do not meet the definition of a financial asset or liability. The aggregation of the fair values presented below does not represent, and should not be construed as representing, the underlying value of ING Bank.

	Estimated fair value		Balance sheet value	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Financial assets				
Cash and balances with central banks	12,334	11,920	12,334	11,920
Amounts due from banks	43,215	43,157	43,186	42,996
Financial assets at fair value through profit and loss				
– trading assets	126,171	113,537	126,171	113,537
– non-trading derivatives	3,479	5,731	3,479	5,731
– designated as at fair value through profit and loss	3,548	2,308	3,548	2,308
Investments				
– available-for-sale	91,942	76,883	91,942	76,883
– held-to-maturity	2,554	3,153	2,497	3,098
Loans and advances to customers	523,340	516,816	513,488	508,329
Other assets ⁽¹⁾	13,875	14,753	13,875	14,753
	820,458	788,258	810,520	779,555
Financial liabilities				
Subordinated loans	16,080	14,882	15,519	14,776
Debt securities in issue	134,235	125,736	130,000	122,299
Amounts due to banks	31,557	27,675	32,401	27,200
Customer deposits and other funds on deposit	486,069	474,469	488,411	474,775
Financial liabilities at fair value through profit and loss				
– trading liabilities	79,529	73,491	79,529	73,491
– non-trading derivatives	6,401	9,676	6,401	9,676
– designated as at fair value through profit and loss	14,074	13,855	14,074	13,855
Other liabilities ⁽²⁾	14,337	15,128	14,337	15,128
	782,282	754,912	780,672	751,200

⁽¹⁾ Other assets do not include (deferred) tax assets, net defined benefit asset and property development and obtained from foreclosures.

⁽²⁾ Other liabilities do not include (deferred) tax liabilities, net defined benefit liability, prepayments received under property under development, other provisions and other taxation and social security contributions.

Notes to the condensed consolidated interim accounts *continued***Fair value hierarchy**

ING Bank has categorised its financial instruments that are measured in the balance sheet at fair value into a three level hierarchy based on the priority of the inputs to the valuation. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to valuation techniques based on unobservable inputs. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide reliable pricing information on an on-going basis. The fair value hierarchy consists of three levels, depending upon whether fair values were determined based on quoted prices in an active market (Level 1), valuation techniques with observable inputs (Level 2) or valuation techniques that incorporate inputs which are unobservable and which have a more than insignificant impact on the fair value of the instrument (Level 3). Financial assets in Level 3 include for example illiquid debt securities, complex OTC and credit derivatives, certain complex loans (for which current market information about similar assets to use as observable, corroborated data for all significant inputs into a valuation model is not available), private equity investments and investment in real estate funds. Observable inputs reflect market data obtained from independent sources. Unobservable inputs are inputs which are based on the Bank's own assumptions about the factors that market participants would use in pricing an asset or liability, developed based on the best information available in the circumstances. Unobservable inputs may include volatility, correlation, spreads to discount rates, default rates and recovery rates, prepayment rates and certain credit spreads. Transfers into and transfers out of fair value hierarchy levels are recognised as of the date of the event or change in circumstances that caused the transfer. Further information on the fair value hierarchy is disclosed in the 2012 ING Bank Consolidated Annual Accounts in Note 37 'Fair value of assets and liabilities'.

The fair values of the financial instruments at fair value were determined as follows:

Methods applied in determining fair values of financial assets and liabilities				
30 June 2014				
	Level 1	Level 2	Level 3	Total
Financial Assets				
Trading assets	30,876	94,188	1,107	126,171
Non-trading derivatives		3,351	128	3,479
Financial assets designated as at fair value through profit and loss	335	3,059	154	3,548
Available-for-sale investments	80,309	10,586	1,047	91,942
	111,520	111,184	2,436	225,140
Financial liabilities				
Trading liabilities	12,428	65,815	1,286	79,529
Financial liabilities designated as at fair value through profit and loss	2,154	11,455	465	14,074
Non-trading derivatives		6,395	6	6,401
	14,582	83,665	1,757	100,004

Methods applied in determining fair values of financial assets and liabilities				
31 December 2013				
	Level 1	Level 2	Level 3	Total
Financial Assets				
Trading assets	27,697	84,541	1,299	113,537
Non-trading derivatives	0	5,669	62	5,731
Financial assets designated as at fair value through profit and loss	121	1,989	198	2,308
Available-for-sale investments	63,356	12,485	1,042	76,883
	91,174	104,684	2,601	198,459
Financial liabilities				
Trading liabilities	10,968	61,418	1,105	73,491
Financial liabilities designated as at fair value through profit and loss	1911	11,601	343	13,855
Non-trading derivatives	1	9,674	1	9,676
	12,880	82,693	1,449	97,022

Main changes in fair value hierarchy in the first half of 2014

There were no significant transfers between Level 1 and Level 2.

Notes to the condensed consolidated interim accounts *continued***Changes in Level 3 Financial assets**

	6 month period ended 30 June 2014				
	Trading assets	Non-trading derivatives	Financial assets designated as at fair value through profit and loss	Available-for-sale investments	Total
Opening balance	1,299	62	198	1,042	2,601
Amounts recognised in profit and loss account during the year	-177	66	-37	7	-141
Revaluation recognised in equity during the year				-5	-5
Purchase of assets	169		37	285	491
Sale of assets	-85		-2	-214	-301
Maturity/settlement	-68		-45	-69	-182
Transfers into Level 3	118		51	5	174
Transfers out of Level 3	-151		-48	-5	-204
Changes in the composition of the group and other changes				1	1
Exchange rate differences	2				2
Closing balance	1,107	128	154	1,047	2,436

Changes in Level 3 Financial assets

	Year ended 31 December 2013				
	Trading assets	Non-trading derivatives	Financial assets designated as at fair value through profit and loss	Available-for-sale investments	Total
Opening balance	1,491	491	1,228	1,291	4,501
Amounts recognised in profit and loss account during the year	61	394	-364	12	103
Revaluation recognised in equity during the year				10	10
Purchase of assets	531	320	214	343	1,408
Sale of assets	-639	-291	-439	-432	-1,801
Maturity/settlement	-243	-20	-398	-88	-749
Transfers into Level 3	237		86	325	648
Transfers out of Level 3	-139	-832	-129	-101	-1,201
Changes in the composition of the group and other changes				-292	-292
Exchange rate differences				-26	-26
Closing balance	1,299	62	198	1,042	2,601

Notes to the condensed consolidated interim accounts *continued***Changes in Level 3 Financial liabilities**

	6 month period ended 30 June 2014			
	Trading liabilities	Non-trading derivatives	Financial liabilities designated as at fair value through profit and loss	Total
Opening balance	1,105	1	343	1,449
Amounts recognised in profit and loss account during the year	55		-47	8
Issue of liabilities	213	2	89	304
Early repayment of liabilities	-75		-13	-88
Maturity/settlement	-15	-1	-66	-82
Transfers into Level 3	63	4	229	296
Transfers out of Level 3	-61		-70	-131
Exchange rate differences	1			1
Closing balance	1,286	6	465	1,757

Changes in Level 3 Financial liabilities

	Year ended 31 December 2013			
	Trading liabilities	Non-trading derivatives	Financial liabilities designated as at fair value through profit and loss	Total
Opening balance	1,523	314	5,102	6,939
Amounts recognised in profit and loss account during the year	-110	250	-137	3
Issue of liabilities	510	263	226	999
Early repayment of liabilities	-720	-452	-907	-2,079
Maturity/settlement	-276	-9	-420	-705
Transfers into Level 3	245		152	397
Transfers out of Level 3	-64	-365	-3,676	-4,105
Exchange rate differences	-3		3	
Closing balance	1,105	1	343	1,449

In 2013, EUR 3.7 billion of Financial liabilities designated as at fair value through profit and loss were transferred from level 3 to level 2 due to refinements in the methodology used to classify these liabilities. It was observed that the valuation techniques used for calculating the fair values, for the majority of the portfolio, are not significantly impacted by unobservable inputs. These liabilities are reported in level 2. Furthermore, EUR 0.9 billion of Assets-Non trading derivatives were also transferred from level 3 to level 2 as the valuation is now not significantly impacted by unobservable inputs.

Notes to the condensed consolidated interim accounts *continued***Amounts recognised in profit and loss account during the period (Level 3)**

	6 month period ended 30 June 2014		Total
	Held at balance sheet date	Derecognised during the period	
Financial assets			
Trading assets	-177		-177
Non-trading derivatives	66		66
Financial assets designated as at fair value through profit and loss	-37		-37
Available-for-sale investments	1	6	7
	-147	6	-141
Financial liabilities			
Trading liabilities	55		55
Financial liabilities designated as at fair value through profit and loss	-47		-47
	8		8

Amounts recognised in profit and loss account during the year (Level 3)

	Year ended 31 December 2013		Total
	Held at balance sheet date	Derecognised during the year	
Financial assets			
Trading assets	61		61
Non-trading derivatives	394		394
Financial assets designated as at fair value through profit and loss	-364		-364
Available-for-sale investments	-14	26	12
	77	26	103
Financial liabilities			
Trading liabilities	-110		-110
Non-trading derivatives	250		250
Financial liabilities designated as at fair value through profit and loss	-137		-137
	3		3

Level 3 financial assets and liabilities

Financial assets measured at fair value in the balance sheet as at 30 June 2014 of EUR 225.1 billion include an amount of EUR 2.4 billion (1.1%) that is classified as Level 3 (31 December 2013: EUR 2.6 billion, being 1.3%). Changes in Level 3 from 31 December 2013 to 30 June 2014 are disclosed above in the table 'Changes in Level 3 Assets'.

Financial liabilities measured at fair value in the balance sheet as at 30 June 2014 of EUR 100.0 billion include an amount of EUR 1.8 billion (1.8%) that is classified as Level 3 (31 December 2013: EUR EUR 1.4 billion, being 1.5%). Changes in Level 3 from 31 December 2013 to 30 June 2014 are disclosed above in the table 'Changes in Level 3 Liabilities'.

Financial assets and liabilities in Level 3 include both assets and liabilities for which the fair value was determined using valuation techniques that incorporate unobservable inputs and assets and liabilities for which the fair value was determined using quoted prices, but for which the market was not actively trading at or around the balance sheet date. Unobservable inputs are inputs which are based on ING's own assumptions about the factors that market participants would use in pricing an asset or liability, developed based on the best information available in the circumstances. Unobservable inputs may include volatility, correlation, spreads to discount rates, default rates and recovery rates, prepayment rates and certain credit spreads. Fair values that are determined using valuation techniques using unobservable inputs are sensitive to the inputs used. Fair values that are determined using quoted prices are not sensitive to unobservable inputs, as the valuation is based on unadjusted external price quotes. These are classified in Level 3 as a result of the illiquidity in the relevant market, but are not significantly sensitive to ING's own unobservable inputs.

Of the total amount of financial assets classified as Level 3 as at 30 June 2014 of EUR 2.4 billion, an amount of EUR 1.4 billion (57%) is based on unadjusted quoted prices in inactive markets. As ING does generally not adjust quoted prices using its own inputs, there is no significant sensitivity to ING's own unobservable inputs.

Notes to the condensed consolidated interim accounts *continued*

Furthermore, Level 3 financial assets includes approximately EUR 0.1 billion which relates to financial assets that are part of structures that are designed to be fully neutral in terms of market risk. Such structures include various financial assets and liabilities for which the overall sensitivity to market risk is insignificant. Whereas the fair value of individual components of these structures may be determined using different techniques and the fair value of each of the components of these structures may be sensitive to unobservable inputs, the overall sensitivity is by design not significant.

The remaining EUR 0.9 billion of the fair value classified in Level 3 financial assets is established using valuation techniques that incorporates certain inputs that are unobservable. This relates mainly to assets that are classified as Available-for-sale investments, for which changes in fair value are recognised in shareholders' equity and do not directly impact profit and loss.

Of the total amount of financial liabilities classified as Level 3 as at 30 June 2014 of EUR 1.8 billion, an amount of EUR 0.9 billion (50%) is based on unadjusted quoted prices in inactive markets. As ING does not adjust quoted prices using its own inputs, there is no significant sensitivity to ING's own unobservable inputs.

Furthermore, Level 3 financial liabilities includes approximately EUR 0.4 billion which relates to financial liabilities that are part of structures that are designed to be fully neutral in terms of market risk. As explained above, the fair value of each of the components of these structures may be sensitive to unobservable inputs, but the overall sensitivity is by design not significant.

The remaining EUR 0.5 billion of the fair value classified in Level 3 financial liabilities is established using valuation techniques that incorporates certain inputs that are unobservable.

Notes to the condensed consolidated interim accounts *continued*

The table below provides a summary of the valuation techniques, key unobservable inputs and the lower and upper range of such unobservable inputs, by type of level 3 asset/liability.

Valuation techniques and range of unobservable inputs (Level 3)

30 June 2014	Assets	Liabilities	Valuation techniques	Significant unobservable inputs	Lower range	Upper range
At fair value through profit and loss						
Debt securities	276	9	Price based	Price (%)	0%	109%
			Net asset value	Price (%)	117%	117%
			Loan pricing model	Credit spread (bps)	432	432
Loans and advances	121	22	Price based	Price (%)	1%	100%
			Present value techniques	Credit spread (bps)	86	108
Structured notes		466	Price based	Price (%)	65%	114%
			Net asset value	Price (%)	117%	117%
			Option pricing model	Equity volatility (%)	17%	95%
				Equity/Equity correlation	0.4	1.0
				Equity/FX correlation	-0.6	0.5
				Dividend yield (%)	0%	5%
				IR volatility (%)	0%	55%
			Present value techniques	Implied correlation	0.7	0.9
Derivatives						
– Rates	377	469	Option pricing model	Interest rate volatility (%)	12%	55%
				Interest rate correlation	0.9	0.9
				IR/INF correlation	0.5	0.5
			Present value techniques	Reset spread	3%	3%
				Inflation rate (%)	0%	4%
– FX	442	408	Present value techniques	Inflation rate (%)	-1%	3%
– Credit	55	46	Present value techniques	Credit spread (bps)	2	1885
				Implied correlation	0.4	1.0
– Equity	114	327	Option pricing model	Equity volatility (%)	5%	98%
				Equity/Equity correlation	-0.1	1.0
				Equity/FX correlation	-0.9	0.8
				Dividend yield (%)	0%	10%
– Other	4	10	Option pricing model	Commodity volatility	6%	28%
				Com/Com correlation	0.1	0.9
				Com/FX correlation	-0.95	0.40
Available for sale						
– Debt	560			n/a		
– Equity	487			n/a		
Total	2,436	1,757				

Further information on equity securities, credit spreads, volatility, correlation and interest rates is disclosed in the 2013 ING Bank Consolidated Annual Accounts in Note 37 'Fair value of assets and liabilities'.

Sensitivity analysis of unobservable inputs

Where the fair value of a financial instrument is determined using inputs which are unobservable and which have a more than insignificant impact on the fair value of the instrument the actual value of those inputs at the balance sheet date may be drawn from a range of reasonably possible alternatives. The actual levels chosen for these unobservable inputs in preparing the financial statements is consistent with the valuation methodology.

Notes to the condensed consolidated interim accounts *continued*

If ING had used input values from the extremes of the ranges of reasonably possible alternatives when valuing these instruments as of 31 December 2013 then the impact on the profit and loss account would have been higher or lower as indicated below. The purpose of this disclosure is to present the possible impact of a change in unobservable inputs in the fair value of financial instruments where unobservable inputs are significant to the valuation. In practice it would be unlikely that all unobservable inputs would ever be simultaneously at the limits of their respective ranges of reasonably possible alternatives and so the estimates in the table below show a greater fair value uncertainty than the realistic position at year end. Also, this disclosure does not attempt to indicate or predict future fair value movements. The numbers in isolation give limited information as in most cases these level 3 assets and liabilities should be seen in combination with other instruments (for example as a hedge) that are classified as level 1 or level 2. The table below does not include available for sale investments as changes in the fair value values of such investments would not directly impact profit and loss. Further disclosure on valuations, inputs and sensitivities is provided in the Risk management section in the 2013 ING Bank Consolidated Annual Accounts.

Sensitivity analysis

	Positive fair value movements from using reasonable possible alternatives	Negative fair value movements from using reasonable possible alternatives
30 June 2014		
Equity	70	42
Interest rates	103	31
Credits	18	24
	191	97

21 COMPANIES AND BUSINESSES ACQUIRED AND DIVESTED**Acquisitions**

There were no acquisitions in the first half of 2014.

Divestments

There were no divestments in the first half of 2014.

Divestments closed in the first half of 2013**ING Direct UK**

In October 2012, ING reached an agreement to sell ING Direct UK to Barclays. Under the terms of the agreement, the GBP 11.6 billion (approximately EUR 13.4 billion) of savings deposits and GBP 5.5 billion of mortgages (approximately EUR 6.4 billion) of ING Direct UK have been transferred to Barclays. The transfer resulted in an after tax loss of EUR 260 million which was recognised in the fourth quarter of 2012. In the fourth quarter of 2012, ING Direct UK was classified as held for sale. ING Direct UK was included in the segment Retail Rest of World. The transaction closed on 6 March 2013.

22 RELATED PARTIES

In the normal course of business, the Bank enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Related parties of ING Bank include, amongst others, its Joint ventures, Associates, Key management personnel, the Dutch State and various defined benefit and contribution plans. Transactions between related parties have taken place on an arm's length basis and include rendering or receiving of services, leases, transfers under finance arrangements and provisions of guarantees or collateral. Transactions with related parties are disclosed in Note 49 'Related parties' in the 2013 ING Bank Consolidated Annual Accounts. No other significant changes in related party transactions occurred, except for the unwinding of the IABF ('Illiquid Assets Back-up Facility') which is explained below.

Unwinding of the IABF

In the first quarter of 2014 the IABF was unwound. The remaining nominal value of the portfolio of securities held by the Dutch state as at 31 December 2013 amounting to EUR 4.6 billion was sold in January and February 2014. The State used all repayments and net fees received to pay off the loan from ING in January 2014, reducing the amount outstanding to nil (31 December 2013: EUR 2.7 billion). The unwinding of the IABF did not impact the 2014 profit and loss account.

Notes to the condensed consolidated interim accounts *continued*

23 OTHER EVENTS

Deconsolidation of ING Vysya Bank

At the end of the first quarter of 2014, changes to the governance structure of ING Vysya Bank Limited ('ING Vysya') were implemented in order to better align with prevailing regulations. The regulatory requirements necessitated some governance changes. As part of that, ING has reduced the number of directors appointed by ING in ING Vysya Bank's Board of Directors to be proportionate to its shareholding. Although ING Bank's economic interest of approximately 43% remains unchanged, as a result of these governance changes, ING Bank no longer has a majority representation in the Board of Directors and influence on ING Vysya's operations are aligned with its shareholding interest. As a result, ING Bank no longer has effective control over ING Vysya and, therefore, as of 31 March 2014 ING Vysya is deconsolidated and accounted for as an associate under equity accounting. Before the changes in the governance structure ING Bank had substantial additional powers, including the majority in the Board of Directors and power over operational decision making; as a result, ING Vysya was consolidated by ING. After the deconsolidation, the investment in ING Vysya was recognised as an Investment in associates and joint ventures at its fair value at 31 March 2014 of EUR 617 million. The profit and loss account of the first half of 2014 includes the consolidated result of ING Vysya until the deconsolidation and the result upon deconsolidation of EUR 202 million. The result upon deconsolidation is recognised in Other income – Result on disposal of group companies.

SNS Reaal nationalisation

In 2013, the nationalisation of SNS Reaal, a Dutch financial institution, was announced. As a consequence of the arrangements made by the Dutch government, ING Bank and other Dutch banks will be required to pay a one-time levy of EUR 1.0 billion in 2014. For ING this will result in a total charge of EUR 304 million in 2014. In accordance with the relevant legislation the levy is charged in three equal instalments. In the first half of 2014, a charge of EUR 203 million is recognised in the profit and loss account in the line Other operating expenses – Other. The remaining levy will be recognised in the third quarter of 2014 for an amount of approximately EUR 101 million.

Review report

To: the Shareholder, the Supervisory Board and the Management Board of ING Bank N.V.

REVIEW REPORT

Introduction

We have reviewed the accompanying condensed consolidated interim accounts for the six month period ended 30 June 2014, of ING Bank N.V., Amsterdam, which comprises the condensed consolidated balance sheet as at 30 June 2014 and the related condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and the related notes for the six month period then ended. Management is responsible for the preparation and presentation of these condensed consolidated interim accounts in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these interim accounts based on our review.

Scope of Review

We conducted our review in accordance with Dutch law including Standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim accounts as at and for the six month period ended 30 June 2014 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

AMSTERDAM, 5 AUGUST 2014

Ernst & Young Accountants LLP
Signed by M.A. van Loo

DISCLAIMER

ING Bank's Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU').

In preparing the financial information in this document, except for the changes described in Note 1 'Accounting policies', the same accounting principles are applied as in the 2013 ING Bank Annual Accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in ING's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro, (4) the implementation of ING's restructuring plan to separate banking and insurance operations,

(5) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (6) the frequency and severity of insured loss events, (7) changes affecting mortality and morbidity levels and trends, (8) changes affecting persistency levels, (9) changes affecting interest rate levels, (10) changes affecting currency exchange rates, (11) changes in investor, customer and policyholder behaviour, (12) changes in general competitive factors, (13) changes in laws and regulations, (14) changes in the policies of governments and/or regulatory authorities, (15) conclusions with regard to purchase accounting assumptions and methodologies, (16) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (17) changes in credit ratings, (18) ING's ability to achieve projected operational synergies and (19) the other risks and uncertainties detailed in the Risk Factors section contained in the most recent annual report of ING Groep N.V.

Any forward-looking statements made by or on behalf of ING speak only as of the date they are made, and, ING assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

ING Bank N.V.

Bijlmerplein 888

1102 MG Amsterdam-Zuidoost

The Netherlands

Telephone: +31 20 5415411

Fax: +31 20 5415444

Internet: www.ing.com

Commercial Register of Amsterdam, no. 33031431

